

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 FEA-02 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03

INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

PRS-01 USIA-15 SAJ-01 NIC-01 DRC-01 /195 W

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R 290927Z JUL 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 3594

INFO AMCONSUL HONG KONG

USLO PEKING

USMISSION BRUSSELS

UNCLAS TOKYO 9867

E.O. 11652: N/A

TAGS: ENRG, JA, CH

SUBJECT: CHINESE OIL PRICES TO JAPAN

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REF: A. TOKYO 3960 B. TOKYO 4397

1. ACCORDING PRESS REPORTS, CHINA HAS AGREED TO LOWER PRICE TO \$12.85/B FOB ON 500,000 TONS CRUDE OIL DELIVERED DURING JULY-DECEMBER PERIOD TO INTERNATIONAL OIL COMPANY, ONE OF TWO "WINDOWS" TO CHINA OIL TRADE (SEE REFTTEL A). PRESS UNCLEAR AS TO WHETHER 500,000 TONS ARE IN ADDITION TO PREVIOUS 1.5 MILLION TONS CONTRACTED FOR BY INTERNATIONAL OIL OR ARE REMAINING PORTION TO BE DELIVERED. IMPORTANT POINT IS \$12.85 FOB CHINESE PRICE NOW COMPARABLE TO \$12.80 LANDED PRICE IN JAPAN FOR INDONESIAN CRUDE.

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2. PRESS ADDS PROSPECTS SEEM BRIGHT FOR PRICE OF 700,000

BARRELS CONTRACTED FOR JULY-DECEMBER PERIOD BY CHINESE
CRUDE OIL IMPORT COUNCIL, SECOND CHINA OIL "WINDOW," TO
FALL TO \$12.85 LEVEL WHEN GROUP OOPENS SCHEDULED PRICE
NEGOTIATIONS AT END OF JULY OR EARLY AUGUST IN PEKING.

3. COMMENT: ACCORDING MITI SOURCE, JAPANESE HAD
RECEIVED STRONG INDICATIONS CHINESE WOULD DROP PRICE
OF OIL LATER IN YEAR WHEN IMPORT COUNCIL CONTRACT
SIGNED IN MARCH. IN ADDITION, SEVERAL PRESS REPORTS
HAVE CLAIMED CHINESE WANT TO EXPAND "OIL DIPLOMACY" TIES
WITH JAPAN. WITH JAPANESE OIL TANKS NEARLY FULL AND
SPOT PRICES GENERALLY FALLING, POSSIBILITIES TO DO SO
AT \$14.80 LEVEL WOULD SEEM SLIM.
HODGSON

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